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Message Text

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PAGE 01 STATE 160382

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---------- 096373
P 082136Z JUL 75
FM SECSTATE WASHDC
TO AMEMBASSY MANILA PRIORITY

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E.O. 11652:N/A

TAGS: EAGR, ETRD, RP

SUBJECT:YUPANGCO - COTTON IMPORT EXPORT COMPANY CONTRACT

REF: A. MANILA 8948 B. STATE 152266 C. MANILA 8750
D. STATE 148866

PASS AGATT

1. HAVE DISCUSSED PROBLEM AGAIN WITH CIEC AND THEY POINT OUT:

A. ARBITRATION AWARD PAYMENT WAS MADE BY CIEC COVERING 474 BALES AND, FURTHER, IF SAMPLES ON 943 BALES DRAWN UNDER CORRECT ARBITRATION PROCEDURES CIEC IS WILLING TO SUBMIT CLAIM TO ARBITRATION NOW.

B. FEBRUARY OFFER TO YUPANGCO WAS MADE IN ACCORD WITH
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PAGE 02 STATE 160382

USUAL TRADE PRACTICES AND GOOD FOR REPLY WITHIN 24 HOURS

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

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NOT REPEAT NOT GOOD FOR AN UNDETERMINED PERIOD OF TIME.
CIEC IS FIRM THAT THEY CANNOT MAKE THE SAME OFFER TODAY
BECAUSE THE CHANGED MARKET CONDITIONS MAKE IT ECONOMICALLY
IMPOSSIBLE FOR THEM.

C. CIEC WILL PROVIDE STATEMENT REFERRED TO IN REF B PARA
2 AND EMBASSY SHOULD PROCEED TO MAKE PROPOSAL TO DBP.

2. USG VIEW ON THIS PROBLEM CONTINUES TO BE EXPRESSED
IN REF D PARA 5.

3. RE PARA 3 REF C, DBP IS IN ERROR. CIEC WILLING
ABSORB CARRYING CHARGES, AND HENCE THIS SHOULD REMOVE
A KEY FACTOR IN YUPANGCO POSITION.

4. RE MANILA 9074, ACEA LEGAL COUNSEL HAS ADVISED CIEC
TO DESIST FROM SENDING ANY FURTHER MESSAGES OF SORT
MENTIONED. HOWEVER, CIEC FRUSTRATION AND REACTION
UNDERSTANDABLE AS IT HAS BEEN QUITE FORTHCOMING IN
TRYING TO MEET YUPANGCO (CARRYING CHARGES, ARBITRATION,
ETC.). BUT NEITHER CIEC NOR USG CAN ACCEPT YUPANGCO OR
GOP SUGGESTION THAT CIEC RENEW FEBRUARY OFFER. HAVE VERI-
FIED FROM SEVERAL OUTSIDE SOURCES THAT 24-HOUR LIMIT IS
NORMAL CONDITION FOR NEGOTIATING OFFERS.

5. ACCORDINGLY, EMBASSY IS REQUESTED PRESS GOP PER PARA
5 OF REF D AND REPORT. KISSINGER

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